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8 APRIL 1972

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C SOUTH VIETNAM: Communist military activity has increased sharply in the southern half of the country but has remained at a reduced level in the northern provinces.

In the Mekong Delta, the Communists launched a widespread series of ground probes and shelling attacks on government positions in five provinces on 7 April. These actions were coupled with sapper attacks on several key highway bridges. Communist forces reportedly have overrun Kien Thien district town in Chuong Thien Province, and several outposts further north in the Vinh Long - Sa Dec area have come under heavy attack. Regimental-size Communist forces have been reported moving northwest of My Tho and into Chau Doc Province from Cambodia.

The enemy is also maintaining heavy pressure on South Vietnamese positions in Military Region 3. In Binh Long Province, Communist forces captured the district town of Loc Ninh and have conducted heavy shelling attacks against An Loc, the provincial capital. They are also hitting the major South Vietnamese artillery base near Quan Loi. Enemy sappers reportedly have knocked out several bridges along Route 13, the key road link between An Loc and Saigon, and have cut Route 1 just west of Saigon.

(CONFIDENTIAL)]

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CYPRUS: President Makarios may soon reshuffle his cabinet in an attempt to resume normal relations with Greece, but much remains to be done before the rift is completely healed.

Greek press articles, probably officially inspired, are predicting that Makarios will reshuffle his cabinet following Greek Orthodox Easter on 9 April. There is also wide speculation in the Greek press that the Archbishop's recent meeting with General Grivas has resulted in a rapprochement. Makarios recently amnestyed several of the general's followers, indicating that some kind of rapprochement maneuver is in the offing. The Greeks evidently have interpreted signs of rapprochement to mean that Makarios will give in to Athens' demand to include Grivas supporters in a new government.

Makarios was considering a cabinet reshuffle last February, but changed his mind, apparently when Greece insisted in its note of 11 February that he do so immediately. Now that the Archbishop has demonstrated to the Greeks that he has considerable support on the island, he may believe that it is safe to make changes in his administration. The failure of the Cypriot bishops to bring about Makarios' resignation has no doubt added to his sense of security.

For the present, both Athens and Nicosia appear to be trying to resume normal contacts, leaving in abeyance the more difficult questions of Makarios' role in Cyprus and Athens' participation in Cypriot affairs. (SECRET)

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ARGENTINA: Continuing violence in Mendoza could have serious political repercussions.

The government has been unable to stop the disorders that were initially touched off by a mass demonstration and riot last Tuesday. Some 2,000 army troops and police are patrolling the streets, and an early curfew has been set, but large gangs of youths have continued to rampage through the out-lying districts of the provincial city of some 200,000. Although the government arrested the entire central committee of the regional labor confederation and closed down newspapers carrying a strike call, it was unable to prevent an almost total general strike in the city yesterday.

Police and army troops have taken preventive steps in other major provincial cities. So far only sporadic incidents have been reported except in Cordoba where the regional labor federation yesterday called a 12-hour strike. Peronist political leaders and the General Confederation of Labor leadership have accused the government of provoking the violence but so far have restricted themselves to moderate language.

Extremists are aware that similar violence contributed to the downfall of President Lanusse's two predecessors, and this may explain the apparent effort to prolong the disruption. With new "martyrs" being created every day that the violence continues, the chance of serious trouble in other cities is increased. Even if the trouble is confined to Mendoza, however, President Lanusse is going to come under heavy pressure to correct the underlying economic causes of popular discontent demonstrated in this normally peaceful city. In any event, Lanusse's effort to return Argentina to elected government is likely to suffer a serious setback as labor moves into more direct opposition.

(CONFIDENTIAL)

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YUGOSLAVIA-USSR: Soviet Defense Minister Grechko's trip to Yugoslavia last week appears to have been largely a routine protocol visit.

A Yugoslav foreign ministry official has described the five-day sojourn as largely cosmetic. He also said that the Soviet delegation had posed no demands on the sensitive issues of proposed Soviet use of local naval bases and additional over-flights for Soviet aircraft en route to the Middle East. Grechko probably avoided these topics because he had been forewarned of Yugoslav inflexibility and because the Kremlin seeks the best possible atmosphere for Tito's visit to Moscow, scheduled for May.

Grechko saw Tito but few other high-level Yugoslavs, and his itinerary kept him out of the capital for most of the trip. There was no communiqué, and no agreements were announced. Media coverage of the meeting with Tito was low key, suggesting that Grechko was deliberately kept at arm's length and that his hosts were noncommittal.

The Yugoslavs continue to pursue benefits in other relations with the Soviets. A protocol on economic cooperation was signed in Moscow on 3 April after a week of talks. In the political arena, a Yugoslav party official recently expressed satisfaction with increased party contacts, which he said provide Belgrade a continuing means of assessing Soviet intentions. (CONFIDENTIAL)

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SOUTH KOREA: The South Korean leadership is contemplating changes in the nation's electoral process which would ensure its continued control over the country and greatly enhance President Pak's chances for winning an unprecedented fourth term in 1975.

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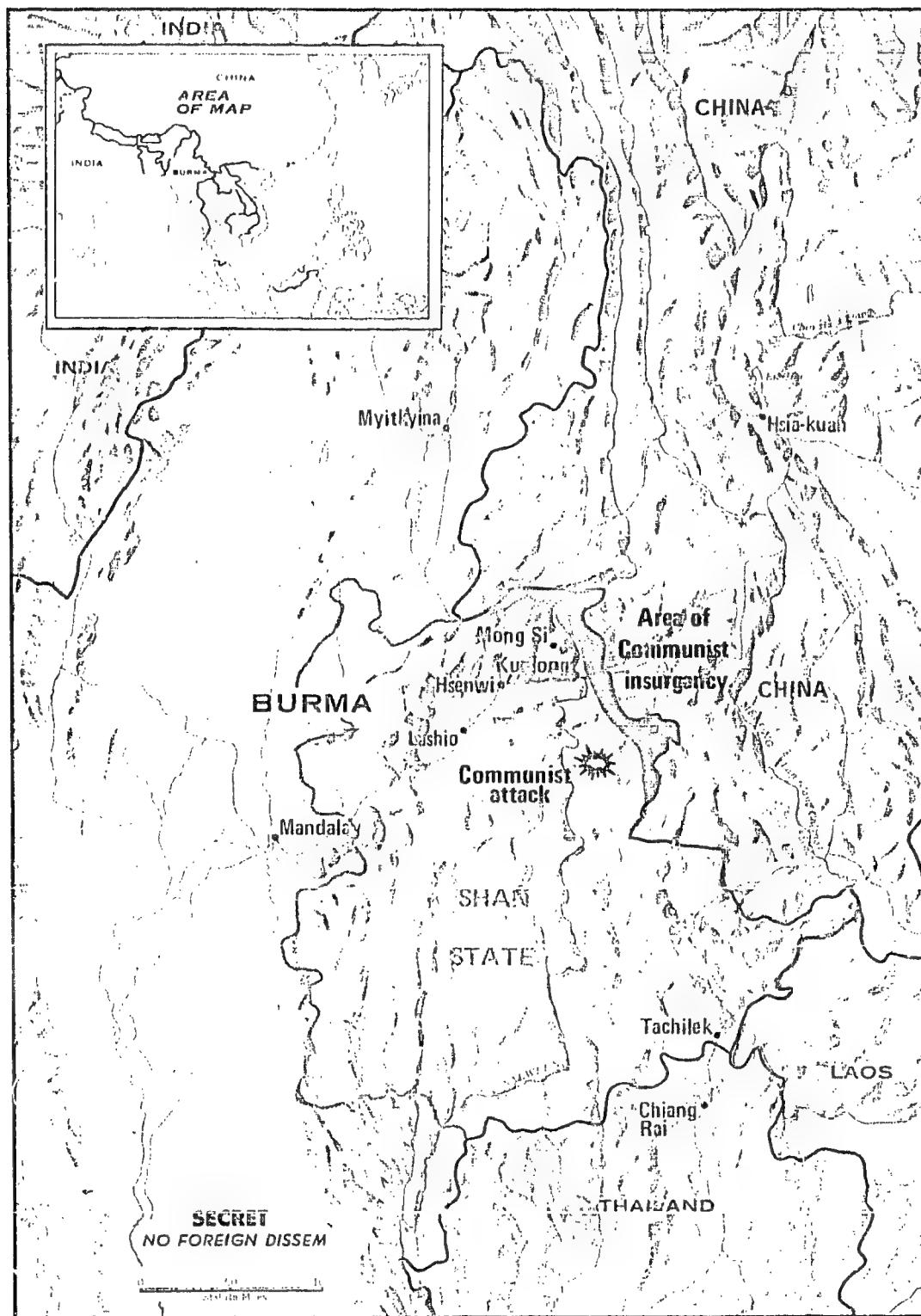
Despite the fact that the presidential election is more than three years away, the question of a fourth term is already generating considerable political heat within South Korea. The debate has sharpened since the President was granted broad, new powers following the declaration of the emergency situation last December.

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[Redacted] he probably has not yet firmly made up his mind to run. In the meantime, however, he is orchestrating domestic developments in such a way to remove gradually possible impediments to his standing for election in 1975. (SECRET NO FOREIGN DISSEM)

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BURMA: Communist insurgents in northeast Burma appear to be gearing up for greater activity after a period of relative quiet since the first of the year.

A 1,000-man Communist force on 3 April attacked Burmese military positions defending a town about 40 miles south of Kunlong, near the Chinese border. Fighting reportedly has been heavy, and the Communists have shot down a Burmese Air Force jet, the first shoot-down in this area. This leaves the Burmese with only eight planes in operating condition out of their 17 jet aircraft suitable for counter-insurgency work.

The new Communist attack may be a prelude to renewed pressure on the important district town of Kunlong, which was under Communist siege for six weeks late last year.

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Other reports indicate the Burmese Communists plan to move this month into the rice-producing Mong Si valley northwest of Kunlong. These plans may have been set back, however, by government pressure and by the collapse of the Communists' arrangement with another insurgent group, the Kachin Independence Army. There has been some fighting between the Kachins and the Communists in northern Shan State, and the Kachins have reached a limited cease-fire with the government in order to free themselves for action against the Communists. (SECRET NO FOREIGN DISSEM)

CHINA: Peking is taking a more vigorous approach toward reconstructing the Young Communist League (YCL), which was virtually dismantled along with its parent party apparatus during the Cultural Revolution.

After a three-year, on-again-off-again propaganda campaign, provincial media are giving increased coverage to the importance of the YCL and are claiming considerable success in re-establishing local branches. Prior to the Cultural Revolution the YCL, with a membership about double that of the party, served as its chief auxiliary and source of recruits. It also helped to maintain control over the schools and to indoctrinate China's youth and younger army men.

The initial call to rebuild the YCL was made after the Ninth Party Congress in 1969, but progress has been desultory partly because of the regime's preoccupation with re-establishing the senior party structure. Disillusioned young people, whose traumatic venture into politics during the Cultural Revolution resulted in their forced dispersal to the countryside, are reluctant to become involved again in political activity and have responded with indifference to the YCL rebuilding effort. After the free-wheeling days of the Cultural Revolution, they particularly resent the use of the League as a device to impose discipline, even on their spare time.

YCL rebuilding has been further complicated by controversy over the recruitment of recalcitrant Red Guards. It has been argued that they could be a disruptive influence in an organization they vilified in the past. Many party cadres who were victims of these youthful activists have been afraid to exert party leadership over YCL work.

(continued)

Despite the obvious stumbling blocks, reconstitution of the party's youth auxiliary is a necessary step in Peking's effort to restore the party's normal structure and practices. Given the current wide-scale rehabilitation of cadres who were criticized during the Cultural Revolution, party officials probably now have greater confidence in promoting the re-establishment of the YCL. Recognizing that YCL membership is still a stepping-stone to advancement, ambitious young people are more likely to adopt an increasingly positive approach to the League. There are some indications that YCL membership is an unstated but understood prerequisite for enrollment in China's reopened universities. (CONFIDENTIAL)

BOLIVIA: Partisan celebrations tomorrow marking the 20th anniversary of the Bolivian national revolution could disrupt President Banzer's efforts to strengthen his coalition government.

The celebrations will mark the events of 9 April 1952, when the Nationalist Revolutionary Movement (MNR) took to the streets of La Paz against the ruling military junta. The ensuing bloody battle ended two days later with the surrender of the regular army, and 12 years of MNR hegemony began. After seven years in opposition (1964-71), the party allied with its two traditional enemies, the armed forces and the Bolivian Socialist Falange, and returned to partial power last August.

Banzer has insisted that political parties must abandon their "symbols" and submerge their individual identities and interests for the good of the Nationalist Popular Front. An ostentatious commemoration of the MNR's great victory will annoy many military men as well as the Socialist Falange, now the MNR's partner in the coalition government. The occasion would seem to demand, however, that perennial party leader Victor Paz Estenssoro not be denied his moment of glory. A clash between police and unruly MNR celebrants could have serious repercussions for the coalition government. Peasants and miners, recalling gains made in the early years of MNR rule, may also decide to mark the anniversary in a manner that could lead to violence. (CONFIDENTIAL)

NOTES

USSR-CUBA: Soviet ships continued to exercise with Cuban ships in the Cienfuegos region during the past week. On 4 April, a Cuban torpedo boat simulated attacks on the Soviet Kotlin-class destroyer. On 6 April, the destroyer and the F-class diesel attack submarine conducted an anti-submarine exercise with two Cuban subchasers, then rejoined the Soviet oiler and rescue tug in Cienfuegos. This marks the fifth Soviet exercise since the ships arrived in Cuban waters a month ago and the fourth involving Cuban participation.

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ECUADOR: The government is again seeking financial assistance from US oil companies to ease budget problems and to bolster its critically low level of foreign exchange reserves. The Rodriguez government, which took power in February, has approached the Texaco-Gulf consortium for a \$20-million loan because of difficulties encountered in coming to terms with US commercial banks on a \$50-million loan negotiated by the ousted Velasco government. Texaco-Gulf may be interested in extending the loan if it can thereby acquire leverage to apply in resolving outstanding issues with the government. The most important of these are the tax and foreign exchange treatment of the crude oil exports which are due to begin this summer, when a 318-mile pipeline to the Pacific Coast and other facilities will be completed. (CONFIDENTIAL NO FOREIGN DISSEM)